



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

City National Corporation

Person to be contacted regarding this report:	Donald Riechel
CPP Funds Received:	\$400,000,000
CPP Funds Repaid to Date:	\$400,000,000
Date Funded (first funding):	11/21/2008
Date Repaid <sup>1</sup> :	3/3/2010

RSSD: (For Bank Holding Companies)	63069
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	17281
City:	Los Angeles
State:	California

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	Increased capital supported investor, depositor and borrower confidence directly supporting deposit growth indirectly supported loan growth. In 2009, CNC contributed \$350 million in capital to CNB thus ensuring an abundance of capital to fund loan demand should it develop.
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☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	In 2009 credit demand was very low except for first and second residential mortgage lending. Balances in all other business lines declined through the year. CRE loans increased late in 2009 due to an FDIC assisted acquisition.
☒	Increase securities purchased (ABS, MBS, etc.).	Low interest rates, the TAG program and the bank's strength and stability resulted in very strong deposit formation. Most of the deposit growth was deployed by buying low risk, relatively short duration debt securities, including GSE debt, MBS and CMOs.
☒	Make other investments	Holding company investments declined in 2009. However, the bank's strong capital position allowed it to purchase the assets and liabilities of Imperial Capital Bank in an FDIC assisted transaction in December, 2009. CNC also purchased Lee Munder investment advisors in the third quarter.
☒	Increase reserves for non-performing assets	During 2009, the bank experienced elevated levels of problem loans and loan loss reserves increased from \$224 million to \$288 million over this time frame.

✕	Reduce borrowings	At the end of 2008, the company had little reliance on wholesale sources of funds (brokered CDs, FHLB advances, senior or subordinated debt, repurchase agreements etc.). Maturing transactions of about \$100 million were retired during 2009.
✕	Increase charge-offs	Net loan charge-offs increased from \$68 million for the year 2008 to \$226 million for the year 2009.
✕	Purchase another financial institution or purchase assets from another financial institution	In December 2009, City National Bank acquired most of the assets and liabilities of Imperial Capital Bank from the FDIC. The purchase resulted in the acquisition of about \$3 billion of assets.
✕	Held as non-leveraged increase to total capital	City National Corporation held the TARP CPP capital as a non-leveraged increase to total capital.

What actions were you able to avoid because of the capital infusion of CPP funds?

None. City National Corporation and City National Bank maintained their business strategy and were able to access the capital markets for additional Tier one and Tier two capital periodically through the year.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

None. City National Corporation applied to repay the TARP CPP before winning the bid for Imperial Capital Bank, as was well known by the bank's regulators. Immediately following the acquisition, the Corporation repaid \$200 million of the \$400 million in CPP capital. The remaining \$200 million was repaid during the first quarter of 2010. The corporation and the bank continue to enjoy very strong capital levels.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

None.